

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6966

BILL NUMBER: HB 1370

DATE PREPARED: Jan 6, 2002

BILL AMENDED:

SUBJECT: Interim fees on property improvements.

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FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: This bill allows a county to impose interim property fees on real property improvements as of the time the improvements are complete and before they are subject to property tax. The bill establishes the procedures for determination and collection of the fees.

Effective Date: January 1, 2003.

Explanation of State Expenditures: This bill would have no effect on state revenues or expenditures.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under current law, property is assessed on March 1. A real property improvement that is still under construction on March 1 is not assessable until the following year. This bill would allow the county council and county commissioners to pass identical ordinances that would permit the county to impose an interim property fee on such property.

For a county that imposes an interim property fee on real property improvements, the improvement would be assessed in the month following the issuance of a certificate of occupancy or other approval if such a certificate or approval is required in the county. The new valuation would not immediately be added to the tax base. Instead, the new assessment would be reduced by any partial assessment amount and the result would serve as the basis of the amount charged by the county as an interim property fee.

The interim property fee would be equal to the assessment multiplied by the net property tax rate. The fee would be prorated based on the month in which the improvement is eligible for assessment under this proposal. The interim property fee would be payable in two installments by May 10 and November 10 of the

following year and would be distributed to local units and schools in the same manner as property taxes. According to the bill, the interim property fee would be in addition to any property tax levy.

The bill would not affect the timing of when the property's new assessed value is made a part of the tax base. It does, however, provide added fee revenue in the lag between the time that the certification of occupancy is issued and the assessment date when the valuation is added to the tax base. The actual fiscal impact depends on the number of counties that adopt the interim fees and on the number and value of improvements constructed in those counties each year.

State Agencies Affected:

Local Agencies Affected: County councils; County commissioners; County assessors; Township assessors; Civil taxing units and school corporations.

Information Sources: